

ILLINOIS REGISTER

DEPARTMENT OF REVENUE

NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Property Tax Code
- 2) Code Citation: 86 Ill. Adm. Code 110
- 3) Section Numbers: 110.113 Proposed Action: Amendment
- 4) Statutory Authority: 35 ILCS 200/10-350, 10-355, 10-360
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking is designed to account for statutory changes in section 10-355 of the Property Tax Code (35 ILCS 200/10-355) concerning a change in date. Other changes are proposed to incorporate language from another section of the Property Tax Code (35 ILCS 200/10-360) that was not enacted when the latest amendment to this rule was made effective in February 2002.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect: No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking does not create a State mandate, nor does it modify any existing State mandates.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to submit comments on this proposed rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:

Robin Gill
Associate Counsel – Property Tax
Illinois Department of Revenue
Legal Services Office
101 West Jefferson
Springfield, Illinois 62794
(217) 524-4886

- 13) Initial Regulatory Flexibility Analysis:

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- A) Types of small businesses, small municipalities and not for profit corporations affected: None
- B) Reporting, bookkeeping or other procedures required for compliance: None
- C) Types of professional skills necessary for compliance: None

14) Regulatory Agenda on which this rulemaking was summarized: January 2008

The full text of the Proposed Amendment begins on the next page:

Section 110.113 Fraternal Organization Assessment Freeze

a) Eligibility

- 1) Section 10-355 of the Property Tax Code [35 ILCS 200/10-355] provides that, for taxable year 2002 and thereafter, a fraternal organization, or its subordinate organization or entity, may apply for a Fraternal Organization Assessment Freeze on property it owns and uses, provided that it satisfies all of the following requirements in either Group A or Group B below:

A) Group A

- i) was chartered in the State of Illinois in February 1898 ~~July 1896~~;
- ii) is an exempt entity under Section 501(c)(8) of the Internal Revenue Code (26 USC 501(c)(8)); and
- iii) has members who provide direct or indirect financial support for charitable works, such as medical care, drug rehabilitation, or education.

B) Group B

- i) had its national headquarters in the State of Illinois on December 31, 1926;
- ii) is an exempt entity under Section 501(c)(8) of the Internal Revenue Code (26 USC 501(c)(8)); and

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- iii) has members who provide direct or indirect financial support for charitable works, such as medical care, drug rehabilitation, or education.
- 2) Section 10-350 of the Property Tax Code provides that for taxable year 2001 and thereafter, a fraternal organization chartered by the State of Illinois prior to 1900, or its subordinate organization or entity, may apply for a Fraternal Organization Assessment Freeze on property it owns and uses, provided that:
 - A) the fraternal organization prohibits gambling and the use of alcohol on the property;
 - B) the fraternal organization is an exempt entity under Section 501(c)(10) of the Internal Revenue Code; and
 - C) the members of the fraternal organization provide direct or indirect financial support for charitable works, such as medical care, drug rehabilitation, or education.
 - i) ~~medical care;~~
 - ii) ~~medical care;~~
 - iii) ~~education.~~
- 3) Section 10-360 of the Property Tax Code [35 ILCS 200/10-360] provides that for the taxable year 2003 and thereafter, a fraternal organization or its affiliated Illinois not for profit corporation chartered prior to 1920, may apply for a Fraternal Organization Assessment Freeze on property its owns or uses, provided that:
 - A) the fraternal organization is an exempt entity under Section 501(c)(2), 501(c)(8) or 501(c)(10) of the Internal Revenue Code; and
 - B) the members of the fraternal organization provide direct or indirect financial support for charitable works, such as medical care, drug rehabilitation or education.
- b) Applications

An application form (Form No. PTAX-764 for qualification under Section 10-350 of the Property Tax Code [35 ILCS 200/10-350], ~~and~~ Form No. PTAX-765 for qualification

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under Section 10-355 of the Property Tax Code [35 ILCS 200/10-355] and [Form No. PTAX-766 for qualification under Section 10-360 of the Property Tax Code \[35 ILCS 200/10-360\]](#) for a Fraternal Organization Assessment Freeze shall be obtained from the Chief County Assessment Officer in the county in which the property is located. All questions on the application shall be answered completely and the chief presiding officer of the fraternal organization shall sign the form. Fraternal organizations shall annually submit a notarized application form to the Chief County Assessment Officer on or before January 31 of each assessment year in counties with a population of 3,000,000 or more and December 31 of each assessment year in all other counties.

c) Documentation

Fraternal organizations shall, at a minimum, attach all required documentation to the initial application form as follows:

- 1) For qualification under Section 10-350 of the Property Tax Code [35 ILCS 200/10-350] as described under subsection (a)(2), proof of being a qualified fraternal organization, such as a copy of:
 - A) a charter issued by the State of Illinois prior to 1900;
 - B) a certification that the fraternal organization was issued an Illinois charter prior to 1900;
 - C) a certification that the fraternal organization was chartered by a qualified fraternal organization that was issued an Illinois charter prior to 1900; or
 - D) a certification that the fraternal organization is subordinate to a qualified fraternal organization that was issued an Illinois charter prior to 1900.
- 2) For qualification under Section 10-355 of the Property Tax Code [35 ILCS 200/10-355] as described for Group A under subsection (a)(1)(A), proof of being a qualified fraternal organization, such as a copy of:
 - A) a charter for the fraternal organization in the State of Illinois in [February 1898](#) ~~July 1896~~;
 - B) a certification that the fraternal organization was chartered in the State of Illinois in [February 1898](#) ~~July 1896~~;

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- C) a certification that the fraternal organization was chartered by a qualified fraternal organization that was chartered in the State of Illinois in [February 1898](#) ~~July 1896~~; or
 - D) a certification that the fraternal organization is subordinate to a qualified fraternal organization that was chartered in the State of Illinois in [February 1898](#) ~~July 1896~~.
- 3) For qualification under Section 10-355 of the Property Tax Code [35 ILCS 200/10-355] as described for Group B under subsection (a)(1)(B), proof of being a qualified fraternal organization, such as a copy of:
 - A) historical records or other evidence establishing that the fraternal organization had its national headquarters in the State of Illinois on December 31, 1926;
 - B) a certification that the fraternal organization had its national headquarters in the State of Illinois on December 31, 1926; or
 - C) a certification that the fraternal organization is subordinate to a fraternal organization that had its national headquarters in the State of Illinois on December 31, 1926.
- 4) For qualification under Section 10-360 of the Property Tax Code [35 ILCS 200/10-360] as described under subsection (a)(3), proof of being a qualified fraternal organization, such as a copy of:
 - A) a charter issued by the State of Illinois prior to 1920;
 - B) a certification that the fraternal organization was chartered in Illinois prior to 1920;
 - C) a certification that the fraternal organization was affiliated with a qualified fraternal organization that was chartered in Illinois prior to 1920.
- 5 ~~4~~) Proof of having exempt status under Section 501(c)(10) of the Internal Revenue Code (26 USC 501(c)(10)) for qualification under Section 10-350 of the Property Tax Code [35 ILCS 200/10-350] or under Section 501(c)(8) of the Internal Revenue Code (26 USC 501(c)(8)) for qualification under Section 10-355 of the Property Tax Code [35 ILCS 200/10-355] or under Section 501(c)(2) of the Internal Revenue Code (26 USC 501(c)(2), 501(c)(8), 501(c)(10)) for qualification

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under Section 10-360 of the Property Tax Code [35 ILCS 200/10-360] such as a copy of:

- A) a group exemption letter from the Internal Revenue Service to a fraternal organization, plus its annual filing to the Internal Revenue Service listing any other fraternal organizations covered by the letter;
 - B) a U.S. Form 990; or
 - C) a determination letter issued in response to U.S. Form 1024 by the Internal Revenue Service.
- 6 5)** Proof of having ownership or other legal or equitable interest in the property, such as a copy of:
- A) a deed;
 - B) a contract-for-deed;
 - C) a trust document;
 - D) a title insurance policy;
 - E) an organizational agreement;
 - F) an incorporation document;
 - G) a court order; or
 - H) an affidavit of adverse possession.
- 7 6)** Copies of leases or contracts concerning the property, if applicable.

d) Verification

The Chief County Assessment Officer of each county may verify information contained on applications for a Fraternal Organization Assessment Freeze by any of the following methods:

- 1) Requiring each applicant, at the time of filing an application, to produce for inspection by the Chief County Assessment Officer, or a designee, any or all of the documentation specified in subsections (b) and (c);

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- 2) Establishing uniform audit guidelines and procedures for determining under what circumstances additional documentation will be required from applicants and what procedures will be used to obtain that documentation from applicants;
- 3) Examining under oath the affiant on the application or any other member of the fraternal organization, chartered fraternal organization, or subordinate fraternal organization; and
- 4) Examining any public records or conducting an investigation to determine the identity of persons using the property for the assessment year.

(Source: Amended at 32 Ill. Reg. _____, effective _____)